

In the Matter of:

JACKSON NATIONAL LIFE INSURANCE
COMPANY

An Authorized Insurer

) No. D 98-31
) Consent Order Levying a Fine
)
)
)

FINDINGS OF FACT:

1. The Office of the Insurance Commissioner (OIC) conducted a market conduct examination of Jackson National Life Insurance Company for the period covering January 1, 1992 through December 31, 1996. The examination focused on the company's marketing and sales practices, agent activity, and replacement activity.
2. The examination reviewed the company's advertising and found that some of the material failed to identify specific individual policies by form number or other appropriate description.
3. The examination reviewed the company's agent appointment procedures and found that three agents were not licensed to do business in the State of Washington and six agents had submitted policy applications prior to being appointed by the company.
4. The examination reviewed the company's replacement procedures and found a high level of activity. Forty-two replacement policies were randomly selected for analysis, twenty-one of which contained procedural errors. Among the errors were incomplete notification letters, incomplete applications, and incomplete replacement forms.
5. Jackson National Life Insurance Company has taken substantial steps to remedy the problems uncovered in the market conduct examination. The company has improved training and oversight of agents, and created internal systems to monitor its activity and ensure compliance with Washington law.
6. Jackson National Life Insurance Company has acted in good faith in trying to resolve this matter.

CONCLUSIONS OF LAW:

1. Jackson National Life Insurance Company's failure to identify policies properly in its advertising material is a violation of WAC 284-23-060.
2. Jackson National Life Insurance Company's use of unlicensed and unappointed agents is a violation of RCW 48.17.060, RCW 48.17.160, and WAC 284-17-420.
3. Jackson National Life Insurance Company's failure to ensure that company personnel and

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agents comply with Washington Replacement Regulations is a violation of WAC 284-23-400 et. seq.

4. RCW 48.05.185 authorizes the Commissioner to impose a fine in lieu of the suspension or revocation of a company's certificate of authority.

CONSENT TO ORDER:

Jackson National Life Insurance Company hereby admits to the foregoing Findings of Fact and Conclusions of Law.

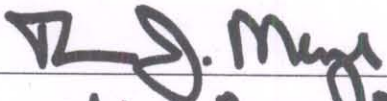
In light of the remedial action the company has taken, and the good faith it has demonstrated, the Commissioner has offered a settlement in lieu of suspending or revoking the company's certificate of authority.

Jackson National Life Insurance Company hereby consents to pay \$67,000 as a penalty for its violations of WAC 284-23-060, RCW 48.17.060, RCW 48.17.160, WAC 284-17-420, and WAC 284-23-400 et. seq.

This fine will be paid in full within thirty days of the entry of this order. Pursuant to RCW 48.05.185, failure to pay the fine within the allotted time shall constitute grounds for revocation of the insurer's certificate of authority, and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

Jackson National Life Insurance Company acknowledges its duty to comply fully with the applicable laws of the State of Washington.

EXECUTED this 26th day of June, 1998.

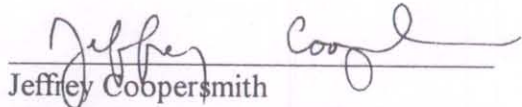

Title: Vice President

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ORDER

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of sixty-seven thousand dollars upon Jackson National Life Insurance Company. The fine must be paid in full within thirty days of the date of entry of this order. Failure to pay the fine within the allotted time shall constitute grounds for the revocation of the insurer's certificate of authority, and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT OLYMPIA, WASHINGTON, this 1st day of July 1998.



Jeffrey Coopersmith
Chief Enforcement Attorney